



Maturity Transformation

International Banking Perspective

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Outline

- The Role and Relevance of International Banking
- Importance of Maturity Transformation to a Corporate Treasurer
- Liquidity Products, as an Example
- Impact of Limiting Maturity Transformation
- Key Issues Looking Forward

International Banking Defined

International Banking

Prudent and sustainable banking model to meet the evolving market and regulatory backdrop

Debt Financing

- Short-term (cash, trade) and long-term (bonds, loans) debt financing and balance sheet advisory
- Specialist fixed income products and advisory

Transaction Services

- Comprehensive range of payables and receivables, liquidity and investment management, foreign exchange, international trade and corporate cards services
- Global clearing capabilities, partner bank arrangements and transaction processing

Risk Management

- Comprehensive markets expertise in fixed income and FX products and in liquidity and balance sheet management
- Risk management and mitigation across financing and trading
- Relevant insight through award- winning research and analysis

Our Network

- Expert advice, ideas and solutions drawing on our strong track record in financing and markets
- On-the-ground presence in developed and emerging markets
- Local coverage with embedded sector specialists

Clients

Corporates
Financial Institutions
Public Sector
Sovereigns

International Banking & Maturity Transformation

1 Focus on the Treasurer and the Treasury function

2 End-to-end view of working capital

3 'Balance sheet' products and services

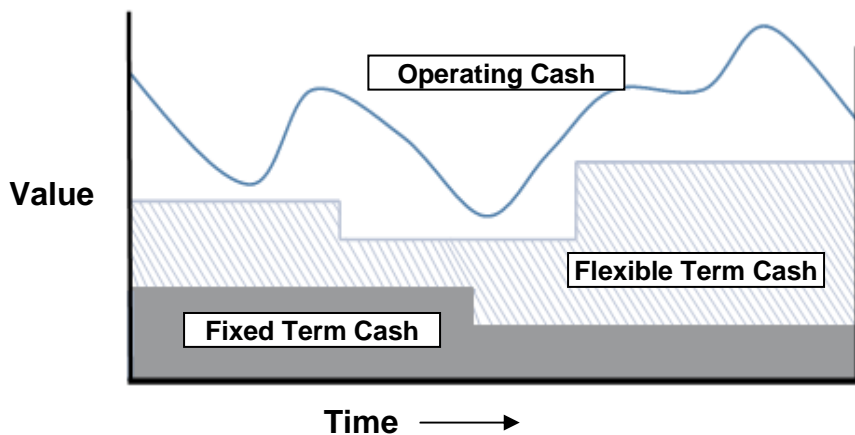
4 Tools to drive transparency and efficiency

Banks' ability to deliver services that optimise working capital and the overall treasury function is dependent on flexible maturity transformation

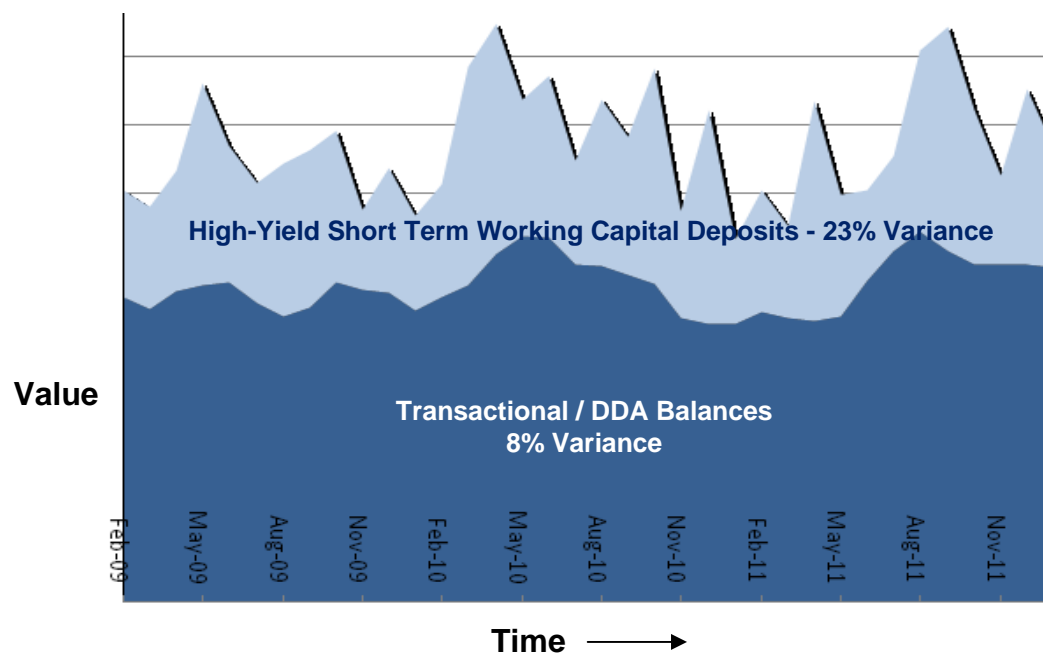
An Example

- Banks hold client funds which exhibit diverse 'behaviours'
- In aggregate, these balances are predictable and 'sticky'

Sample Corporate Cash Profile



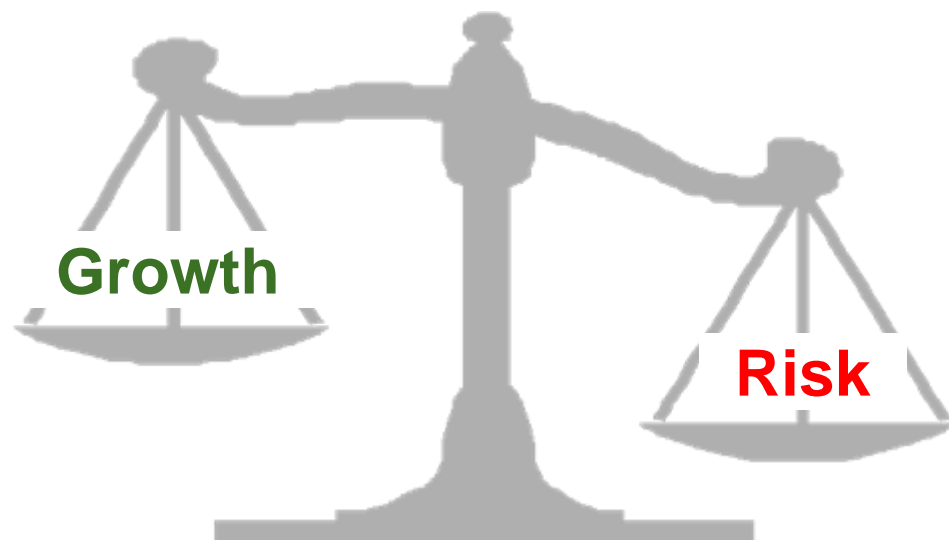
Aggregate ST Corporate Bank Balances



The Impact of Limiting Maturity Transformation

Key for our business and our clients is balancing growth that maturity transformation provides against the risks it creates

- Redirects trapped cash
- Safeguards against negative shocks



International consistency, both in terms of regulation and its operational interpretation, will be critical to the success of policy objectives.

Corporate Treasury Priorities Reflect the Risk / Reward Equation

- Treasury optimization
 - Liquidity management
 - Supply chain management
 - Trade finance
 - Data analytics
- Concentration risk

Key Areas of Focus for Treasury Through 2012 (Percent of Respondents)			
	All	Annual Revenues Under \$1 billion	Annual Revenues Over \$1 billion
Cash management and forecasting	65%	66%	63%
Financing and capital allocation	42	37	47
Treasury and payment solutions	37	39	36
Risk management	29	32	27
Serving as a more strategic resource to the organization	29	25	34
Bank relationship rationalization	26	27	23
Review investment options and policies	23	21	24
Merger & acquisition/Investment banking	15	16	14
Credit syndicate renewal	13	11	14

Source: 2011 AFP Strategic
Role of Treasury Survey

Looking forward

- 1 Continue to drive improvements in working capital cycles through with tools that increase transparency and efficiency**
- 2 Leverage our balance sheet to help companies optimise working capital, with transformation flexibility that balances risk and reward**
- 3 Cooperate with banks, regulators, technology providers and international standards bodies to promote schemes that reduce bank concentration risk**